STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

INTERSTATE POWER COMPANY DOCKET NO. 00-0261

APPLICATION FOR APPROVAL
OF MERGER AND REORGANIZATION

SUPPLEMENTAL DIRECT TESTIMONY OF DANIEL DOYLE

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Daniel A. Doyle. My business address is 222 West Washington Avenue, Madison, Wisconsin 53703.

Q. Are you the same Daniel A. Doyle that previously filed Direct Testimony in this docket?

A. Yes.

Q. What is the purpose of your supplemental testimony?

A. My testimony will address the authority of the Illinois Commerce Commission under Section 220 ILCS 5/7-204(c) as it relates to the merger of Interstate Power Company ("IPC") and IES Utilities Inc. ("IES").

Q. What specific provisions of Section 220 ILCS 5/7-204(c) will your supplemental testimony address?

A. I will address both parts of Section 220 ILCS 5/7-204(c). That section provides:

The Commission shall not approve a reorganization without ruling on: (i) the allocation of any savings resulting from the proposed reorganization; and (ii) whether the companies should be allowed to recover any costs incurred in accomplishing the proposed reorganization and, if so, the amount of costs eligible for recovery and how the costs will be allocated.

Q. Has an estimate of the net present value of the estimated savings to be realized from IPC/IES merger?

A. Yes. Our present estimate is that we will realize $2.7 million of savings on a net present value ("NPV") basis during the first 10 years of post-merger operations, applicable to the gas and electric operations of IES and IPC in Iowa and Illinois. Page 1 of the attached Exhibit No.___ (DAD-2) is a spreadsheet that displays the calculation of the merger's savings on an NPV basis. Page 2 of that exhibit breaks out the components of the $2.7 million estimate including the costs to achieve those savings.

Q. Will certain administrative functions of IES and IPC be consolidated in order to reduce non-labor corporate and administrative expenses?

A. Yes. We expect to achieve about $60,000 of reduced corporate and administrative expenses. These cost reductions are expected to come from lower system costs in connection with having to close, run reports, maintain books, etc., for one less company. In addition, we expect to need fewer load research meters for measuring demands since we will only need to sample 1 company versus 2 and, as a result, reduced maintenance contracts.

Q. Will the number of employees currently employed be reduced as a result of the merger?

A. The merger is expected to have a minor impact on the number of employees. We estimate the amount of reduced cost will be approximately $120,000, or about 3 full-time equivalents. Those position reductions are anticipated to come from one less position in Data Acquisition, one less person in our warehouses, and less overall time needed to manage our inventory levels. We would expect the reductions to take place within six months after the merger is completed.

Q. Please identify what transition costs (e.g., retention costs, severance costs) are *estimated.*

A. We estimate that the costs to achieve the merger will be approximately $550,000. This amount includes estimated regulatory approval costs of $100,000, system conversion costs of approximately $420,000 and severance costs of approximately $30,000. In addition, it is estimated that we will incur additional transportation costs of $100,000 per year because of adding delivery routes between distribution centers and use centers.

Q. Has an estimate of the amount of the NPV of the merger savings to be allocated to Illinois customers been prepared?

A. Yes. We estimate that $.006 million of the $2.7 million NPV would properly be allocated to Illinois gas customers.

Q. Why doesn't your answer address savings for IPC's Illinois electric customers?

A. It is my understanding that under the restructuring statute adopted in 1997, IPC does not need ICC approval to merge or dispose of its Illinois electric properties. In other words, the only reason that this application was filed with the Commission is because IPC's gas properties in Illinois are affected. Nevertheless, page 3 of Exhibit No.___(DAD-2) contains an allocation on the $2.7 million NPV of the merger savings to all jurisdictions, including $.051 million to Illinois electric customers.

Q. **Does IPC believe it is necessary for the Commission to order any specific resolution of the savings in approving the IPC/IES merger?**

A. No. The statute instructs the ICC that in approving a merger it must rule on "the allocation of any savings resulting from the proposed reorganization". In IPC's view all that is required is that the Commission approve the allocation results as contained on page 3 of Exhibit No. ___(DAD-2). Additionally, the average annual amount of the savings that would be allocated to Illinois gas customers ($600 per year) is so small that IPC's base gas rates would not change.

Q. **Does IPC seek authority to recover any of the costs "incurred in accomplishing the proposed reorganization"?**

A. No. Again since the financial impact on IPC's Illinois gas customers is so small, IPC is waiving any rights under Section 220 ILCS 5/7-204(c) to collect the costs of this reorganization from its Illinois ratepayers. Additionally, as a part of the Alliant Energy merger (ICC Docket No. 96-0122), IPC agreed to a three year rate freeze for its Illinois retail customers. This rate freeze does not expire until April, 2001.

Q. **Will IPC's Illinois gas customers receive any benefits from the IPC/IES merger?**

A. Yes. IPC and IES both use the Northern Natural Gas Company ("NNG") for pipeline transportation services to serve their retail gas customers. At the present time NNG has not allowed IPC and IES to combine their purchases from NNG. After the IPC/IES merger is effective, IES and IPC will be able to combine their NNG purchases, after the existing contracts expire in 2003. This should lead to a reduction in billings from NNG. Under the current Contract levels, the Applicants estimate that this would result in monthly savings of $350 or $4,200 annually. In addition, the merger would allow one less delivery zone for scheduling IES and IPC Zone D deliveries for NNG. The use of one zone would allow some savings due to more efficient scheduling and deliveries.

Q. Has an estimate of the savings attributable to combining IPC's and IES's NNG purchases been prepared?

A. No. The $2.7 million NPV study does include any savings associated with combining IPC's and IES's NNG purchases. Any savings related to NNG purchases will be automatically passed through to retail customers through the purchase gas adjustment clause.

Q. Does this conclude your supplemental direct testimony?

A. Yes.

ICC Docket No. 00-0261

Interstate Power Company
Interstate Power and Light Company

Exhibit No.__ (DAD-2) Page 1 of 3

Alliant Energy
IES/IPC Proposed Merger
Potential Benefits, Net of Costs to Achieve
In Thousands

Compound periods	1	2	3	4	5	6	7	8	9	10	
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Benefits:											
Inventory reductions (1)	$ 235	$ 435	$ 435	$ 435	$ 435	$ 435	$ 435	$ 435	$ 435	$ 435	$ 4,150
Miscellaneous (2)	96	96	96	111	111	111	111	111	111	111	1,065
Labor-inventory (3)	25	50	50	50	50	50	50	50	50	50	475
Fewer LR meters (4)	9	18	27	27	27	27	27	27	27	27	243
											-
											-
Gross benefits	365	599	608	623	623	623	623	623	623	623	5,933
Costs to Achieve:											
Regulatory approvals	(100)										(100)
System conversion (5)	(420)										(420)
Transp-inventory (6)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(1,000)
Severances-inventory	(16)	(16)									(33)
											-
Net Benefits/(Costs)	$ (271)	$ 483	$ 508	$ 523	$ 523	$ 523	$ 523	$ 523	$ 523	$ 523	$ 4,380
NPV (7) $2,654	($250)	$410	$398	$377	$348	$321	$295	$272	$251	$231	

(1) Stated in revenue requirement in order to be comparable to expense savings. Used RORB of 10% divided by 1-TR.
.10/1-.4257 = .174. *Inventory reduction estimated to be $2.5 million, times .174 = $435K* per year.
Inventory benefits expected to come from centralizing distribution centers for Iowa inventory into the existing IES distribution system.
(2) See attached tab "Misc Support" for details.
(3) Assumes a conservative 1 full-time equivalent reduction as a result of the consolidating the inventory distribution system (see FN 1).
(4) We expect to need fewer load research meters for measuring demands since we will need to sample only 1 company vs. 2.
(5) Estimate to update systems in order to accommodate only one company verses two.
(6) We estimate that we will add additional delivery routes between our distribution centers and use centers.
(7) Used discount rate of 8.50% (10% RORB 8.5%

Alliant Energy
IES/IPC Proposed Merger
Estimated State Jurisdictional Portion of
Potential Benefits, Net of Costs to Achieve
In Thousands

Inventory reductions	Gross Plant	2,217	178	51	208	10	6	2,670
Miscellaneous	Revenues	600	42	13	24	8	3	690
Labor-inventory	Gross Plant	253	20	6	24	1	1	305
Fewer LR meters	Revenues	140	10	3				153
NVP of Gross benefits		3,210	251	73	256	19	10	3,818
NPV of Costs to Achieve:								
Regulatory approvals	Revenues	(80)	(6)	(2)	(3)	(1)	(0)	(92)
System conversion	Revenues	(337)	(24)	(7)	(13)	(4)	(2)	(387)
Transp-inventory	Gross Plant	(545)	(44)	(12)	(51)	(2)	(2)	(656)
Severances-inventory	Gross Plant	(24)	(2)	(1)	(2)	(0)	(0)	(29)
NPV of Net Benefits/(Costs)		$ 2,224	$ 176	$ 51	$ 186	$ 11	$ 6	$ 2,654

Support for Miscellaneous Benefits
IES/IPC Merger

Description	Inventory	Reduction	Rate Base	Revenue/Expense Impact
1. Gas meter inventory levels	33,000	25%	8,250	1,436
2. Reduced labor to manage inventory				11,000
3. Reduced storeroom size re: consolidated inventories			29,070	5,058
4. Transferring spare parts across boundaries*				3,000
5. Redefine work rule areas into more logical areas*				10,000
6. Fewer premiums paid due to crossing boundaries*				2,500
8. Not having to close 1 set of books; not having to create IPC reports, fewer SAS reports, etc.				15,000
11. Fewer load research meters needed**			50,000	-
12. One less data acquistion person for processing				45,000
13. Reduction to maintanance agreement				18,000
				$ 110,994

Summary:	
Years 1-3 (total less items 4-6)	$ 95,494
Years 4-10	$ 110,994

*Note: we will not be able to achieve cross-boundary benefits without negotiations with unions.

** $50K capital reduction in each of year 2000, 2001 and 2002. Shown as separate line on summary sheet.

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

INTERSTATE POWER COMPANY and	)	
INTERSTATE POWER AND LIGHT CO.	)	DOCKET NO. 00-0261
	)	
APPLICATION FOR APPROVAL	)	
OF MERGER AND REORGANIZATION	)	

DIRECT TESTIMONY OF
Enrique Bacalao

Q. Would you please state your name and business address for the record?

A. My name is Enrique Bacalao, and my business address is 222 West Washington Avenue, Madison, Wisconsin 53703.

Q. Please describe your educational background and professional experience.

A. I have a Bachelor of Arts degree in economics and a Master of Business Administration degree from Columbia University in New York. I am presently Assistant Treasurer and Director of Finance of Alliant Energy Corporation("**Alliant Energy**"). I also serve as Assistant Treasurer of Wisconsin Power and Light Company ("**WP&L**"),of IES Utilities Inc.("IES") and of

Interstate Power Company ("**IPC**"). Prior to my employment by Alliant Energy, I held the position of Vice President, Corporate Banking, in the Chicago Branch of The Industrial Bank of Japan, Limited for three years. Prior to that I served eight years in the London dealing room of the same banking institution, where I headed the corporate desk in for three years after establishing the commercial paper dealing function for the bank.

Q. Have you previously testified before the Illinois Commerce Commission ("Commission")?

A. Yes. I provided testimony in the Alliant Energy delivery services dockets; ICC Docket Nos. 99-0132 and 99-0133.

Q. What is the purpose of your testimony?

A. I will be addressing the impact of the IPC and IES (collectively, "the Companies") merger on the Combined entity's (Interstate Power and Light Company ("IP&L") capital structure and ability to raise capital.

Q. Will you please describe IPC?

A. IPC is a corporation duly organized under the laws of the State of Delaware on April 18, 1925, with its principal offices located at 1000 Main Street, Dubuque, Iowa. IPC holds an Amended Certificate of Authority issued by the Secretary of

State of Illinois authorizing IPC to engage, among other things, in the electric and gas public utility businesses in the State of Illinois. IPC also is a "public utility" within the meaning of Section 5/3-105 of the Illinois Public Utilities Act, Ill. Rev. Stat. 220 ILCS (1999) (hereinafter referred to as the "Act"). IPC is an investor-owned gas and electric utility engaged principally in the distribution of natural gas, and the generation, transmission and distribution of electric energy in a 10,000 square mile service area in northwest Illinois, northeast and north central Iowa, and southern Minnesota.

Q. Please describe IP&L.

A. IP&L is the corporation that is to be formed by the merger of IPC into IES, which will change its name to IP&L. IP&L will be a "public utility" within the meaning of Section 5/3-105.

Q. Mr. Bacalao, would you please describe briefly the authority which IP&L is requesting concerning the preferred and common stock of IPC and IES?

A. IP&L seeks authorization to assume the obligations of IPC and IES, after their merger, under their existing issues of Preferred Stock and Debt, and is requesting the authority to issue new common stock. IPC and IES' existing Bonds will continue in effect and will continue to be subject to each Company's Indenture, as the obligations of IP&L.

Q. Have you prepared pro forma combined financial statements for IP&L?

A. Yes. Exhibit No. __ (EB-1) sets forth the unaudited pro forma Combined Statements of Income for the year ending December 31, 1999 (along with the notes related thereto for IES and IPC) and the unaudited pro forma Combined Balance Sheets as of December 31, 1999. This exhibit also includes selected FERC Form 1 information for IPC and IES on an individual basis.

Q. Please explain how the unaudited pro forma combined financial statements were prepared.

A. The unaudited pro forma combined financial statements combine the audited historical consolidated balance sheets and statements of income of IES and IPC, after giving effect to the merger. The unaudited pro forma combined balance sheet at December 31, 1999, gives effect to the merger as if it had occurred at December 31, 1999. The unaudited pro forma combined statements of income for the year ending December 31, 1999 give effect to the merger as if it had occurred at January 1, 1999.

Q. Based on the unaudited combined financial statements set forth in Exhibit No. __ (EB-1), please summarize the financial effects of the merger.

A. For the year ended December 31, 1999, IP&L would have earned $157 million of net operating income from continuing operations on $1,145 million of revenues. As of December 31, 1999, the combined assets would have totaled $249 million.

Q. Please comment on the pro forma capital structure.

A. As of December 31, 1999, the capital structure would have been 48.5% common equity, 3.5% preferred stock and 48% long term debt, as set forth in Exhibit No. ___(EB-2). This capital structure is conservative by industry standards and will certainly maintain, if not enhance, the Companies' access to both debt and equity capital on reasonable terms.

Q. Please describe the authorized and outstanding common and preferred stock of IPC.

A. As shown on Exhibit No. ___(EB-2), as of March 15, 2000, IPC's authorized capital stock consisted of 30 million Shares of IPC Common Stock and 200,000 shares of 4.36% Cumulative Preferred Stock, 166,000 shares of 4.68% Cumulative Preferred Stock, 100,000 shares of 7.76% Cumulative Preferred Stock, and 545,000 shares of 6.40% Cumulative Preferred Stock (collectively, the "IPC Preferred Stock"). At the close of business on March 14, 2000 (i) 9,777,432 shares of IPC Common Stock were outstanding, all of said shares being held by Alliant Energy, (ii) 60,455 shares of 4.36% Cumulative Preferred Stock, 55,926 shares of 4.68% Cumulative Preferred Stock, 100,000 shares of 7.76% Cumulative Preferred Stock, and 545,000 shares of 6.40% Cumulative Preferred Stock were outstanding and none were held by IPC or any of its affiliates, and no Voting Debt was issued or outstanding. All outstanding shares of IPC Common Stock are validly issued, fully paid and non-assessable and are not subject to preemptive rights.

Q. Please describe the authorized and outstanding common and preferred stock of IES.

A. As shown on Exhibit No. ___(EB-2), as of March 15, 2000, the authorized capital stock of IES consisted of 24 million shares of IES Common Stock and 120,000 shares of 4.30% Cumulative Preferred Stock, 246,406 shares of 4.80% Cumulative Preferred Stock and 100,000 shares of 6.10% Cumulative Preferred Stock (collectively, the "IES Preferred Stock"). At the close of business on March 14, 2000, (i) 13,370,788 shares of IES Common Stock were outstanding, all of said shares being held by Alliant Energy, (ii) 120,000 shares of 4.30% Cumulative Preferred Stock, 146,406 shares of 4.80% Cumulative Preferred Stock, and 100,000 shares of Cumulative Preferred Stock designated as Series 6.10% were outstanding, and none were held by IES or any of its affiliates, and no bonds, debentures, notes or other indebtedness having the right to vote (or convertible into securities having the right to vote) on any matters on which shareholders may vote were issued or outstanding.

Q. What impact will the proposed merger have on the outstanding common stock of IPC?

A. Each share of IPC and IES common stock outstanding, which are now held by Alliant Energy, will be canceled, and IP&L will issue shares of common stock which will all be held by Alliant Energy, its parent company.

Q. What impact will the proposed merger have on the separate and combined companies' outstanding preferred stock or preferred stock capital accounts?

A. The proposed merger will not affect the separate and combined companies' preferred stock capital accounts. The proposed merger will require the assumption of IPC preferred stock by IP&L, which will thus become IP&L preferred stock.

Q. What impact will the proposed merger have on the Companies' outstanding long-term debt or long-term debt accounts?

A. The proposed merger will not affect IES's and IPC's (the Companies') outstanding long-term debt or long-term debt accounts. IP&L will assume all of the outstanding debt of IPC, through the draft assumption agreement attached as Exhibit No.___ (EB-3). Therefore, the Companies' outstanding secured and unsecured long-term debt will remain in place with no changes to their existing mortgages or indentures. Bondholders in each company will continue to be covered by their respective existing indentures.

Q. What will be the effect of the merger on the Companies' individual bond ratings?

A. Currently, the bond ratings for first mortgage bonds, from Moody's and Standard & Poor's, respectively, A2 and A+ for IES; and A1 and A+ for IPC. The outcome of the merger will likely have no effect on these ratings.

Q. How will the proposed merger affect the ability of the Companies to attract equity capital?

A. There should be no impact on the ability of Alliant Energy to raise common equity. Since the Alliant Energy merger, all equity for IPC and IES has been obtained at the holding company level. The IPC and IES merger will not change this.

Q. What are the capital requirements of IP&L at the time of the proposed reorganization?

A. A copy of a forecast showing the capital requirements of the public utility subsidiaries of Alliant Energy at the time of the proposed reorganization, as required by Section 7-204A(a)(7), is contained in Exhibit No. ___(EB-4).

Q. Section 6-103 of the Act requires that, in approving the utility's capitalization in a reorganization, the Commission must find that the amount of capitalization does not exceed the fair value of the property involved. For the purposes of this proceeding, what is the original cost of utility plant for IP&L, net of depreciation, representing the fair value of the property supporting IP&L's proposed capitalization?

A. The depreciated original cost of IP&L's utility plant on a pro forma basis is approximately $1,873 million as shown on Exhibit No. ___(EB-1). The pro forma capitalization of IP&L for utility-only operations is $1,623 million at December 31, 1999, as shown on Exhibit No. ___(EB-2). This evidence demonstrates that the pro forma utility-only capitalization at

December 31, 1999 does not exceed the fair value of IP&L's utility property.

Q. Does this conclude your testimony?

A. Yes.

APPLICATION OF IES UTILITIES AND INTERSTATE POWER COMPANY
FOR AUTHORIZATION AND APPROVAL OF MERGER
INCOME STATEMENTS AT DECEMBER 31,1999
AND PRO FORMA INCOME STATEMENT AT DECEMBER 31, 1999

	IES Utilities	IPC	Pro Forma
ELECTRIC			
Operating Revenues (400)	$ 628,944,895	$ 294,988,632	$ 923,933,527
Operating Expenses			
Operation Expenses (401)	300,525,207	178,049,373	478,574,580
Maintenance Expenses (402)	44,608,117	15,811,812	60,419,929
Depreciation Expense (403)	84,424,683	30,266,012	114,690,695
Amort. & Depl. of Utility Plant (404-405)	5,432,114	476,072	5,908,186
Amor of Utility Plant Acq Adj	279,084		279,084
Amort Property Losses, Unrec Plant and Reg. Study Costs	895,584		895,584
Regulatory Debits	168,096	121,390	289,486
(Less) Regulatory Credits	(168,096)	(121,390)	(289,486)
Taxes Other Than Income Taxes (408.1)	43,351,668	14,281,355	57,633,023
Income Taxes - Federal (409.1)	39,758,519	14,055,906	53,814,425
- Other (409.1)	11,872,409	3,703,862	15,576,271
Provision for Deferred Income Taxes (410.1)	10,303,381	4,467,458	14,770,839
(Less) Provision for Deferred Income Taxes Cr	(10,028,645)	(3,816,720)	(13,845,365)
Investment Tax Credit Adj. - Net (411.4)	(2,436,756)	(984,045)	(3,420,801)
(Less) Gains from Disposition of Allowances	(168,096)	(121,390)	(289,486)
Total Operating Expenses	528,817,269	256,189,695	785,006,964
Net Operating Income - Electric	100,127,626	38,798,937	138,926,563
GAS			
Operating Revenues (400)	148,835,561	48,243,587	197,079,148
Operating Expenses			
Operation Expenses (401)	125,092,110	38,477,712	163,569,822
Maintenance Expenses (402)	2,559,775	907,509	3,467,284
Depreciation Expense (403)	7,669,210	2,495,721	10,164,931
Amort. & Depl. of Utility Plant (404-405)	483,471	21,602	505,073
Taxes Other Than Income Taxes (408.1)	4,664,268	1,203,233	5,867,501
Income Taxes - Federal (409.1)	3,513,594	2,399,936	5,913,530
- Other (409.1)	(358,606)	437,579	78,973
Provision for Deferred Income Taxes (410.1)	431,241	399,001	830,242
(Less) Provision for Deferred Income Taxes Cr	(3,392,998)	(1,387,909)	(4,780,907)
Investment Tax Credit Adj. - Net (411.4)	(121,200)	(51,545)	(172,745)
Total Operating Expenses	140,540,865	44,902,839	185,443,704
Net Operating Income - Gas	8,294,696	3,340,748	11,635,444
STEAM AND OTHER			
Operating Revenues (400)	23,702,645	-	23,702,645
Operating Expenses			
Operation Expenses (401)	15,735,653	-	15,735,653
Maintenance Expenses (402)	1,336,393	-	1,336,393
Depreciation Expense (403)	1,724,222	-	1,724,222
Amort. & Depl. of Utility Plant (404-405)	131,645	-	131,645
Taxes Other Than Income Taxes (408.1)	1,238,760		1,238,760
Income Taxes - Federal (409.1)	274,211	(620,196)	(345,985)
- Other (409.1)	5,197	(279,421)	(274,224)
Provision for Deferred Income Taxes (410.1)	904,880		904,880
(Less) Provision for Deferred Income Taxes Cr	(3,285,797)	(94,768)	
Investment Tax Credit Adj. - Net (411.4)	(3,084)	1	(3,083)
Total Operating Expenses	18,062,080	(994,384)	17,067,696
Net Operating Income - Steam and Other	5,640,565	994,384	6,634,949
Net Utility Operating Income	$ 114,062,887	$ 43,134,069	$ 157,196,956

APPLICATION OF IES UTILITIES AND INTERSTATE POWER COMPANY
FOR AUTHORIZATION AND APPROVAL OF MERGER
INCOME STATEMENTS AT DECEMBER 31,1999
AND PRO FORMA INCOME STATEMENT AT DECEMBER 31, 1999

	IES Utilities	IPC	Pro Forma
Net Utility Operating Income	$ 114,062,887	$ 43,134,069	$ 157,196,956
OTHER INCOME AND DEDUCTIONS			
Other Income			
Nonutility Operating Income			
Revenues From Merchandising, Jobbing and Contract Work (415)	-	86,523	86,523
(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)	(317,114)	(44,817)	(361,931)
Revenues from Nonutility Operations (417)	19,205,756	2,917,427	22,123,183
(Less) Expenses of Nonutility Operations (417.1)	(16,630,351)	(2,689,149)	(19,319,500)
Nonoperating Rental Income (418)	-	71,693	71,693
Equity in Earnings of Subsidiary Companies (418.1)	(65)	-	(65)
Interest and Dividend Income (419)	5,745,488	463,353	6,208,841
Allowance for Other Funds Used During Construction (419.1)	1,159,436	(71,047)	1,088,389
Miscellaneous Nonoperating Income (421)	1,772,920	1,744,290	3,517,210
Gain on Disposition of Property (421.1)	32,863	2,196,669	2,229,532
TOTAL Other Income	10,968,933	4,674,942	15,643,875
Other Income Deductions			
Loss on Disposition of Property (421.2)	3,777	-	3,777
Miscellaneous Amortization (425)	929,460	-	929,460
Miscellaneous Income Deductions (426.1-426.5)	4,991,374	627,197	5,618,571
TOTAL Other Income Deductions	5,924,611	627,197	6,551,808
TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS			
Taxes Other Than Income Taxes (408.2)	67,560	24,066	91,626
Income Taxes-Federal (409.2)	446,323	1,302,093	1,748,416
Income Taxes-Other (409.2)	272,363	374,460	646,823
Provision for Deferred Income Taxes (410.2)	3,530,804	-	3,530,804
(Less) Provision for Deferred Income Taxes-Cr. (411.2)	(2,300,920)	-	(2,300,920)
TOTAL Taxes on Other Income and Deductions	2,016,130	1,700,619	3,716,749
Net Other Income and Deductions	3,028,192	2,347,126	5,375,318
INTEREST CHARGES			
Interest on Long-Term Debt (427)	43,287,032	12,882,166	56,169,198
Amortization of Debt Discount and Expense (428)	606,592	152,513	759,105
Amortization of Loss on Reacquired Debt (428.1)	645,852	161,334	807,186
Interest on Debt to Associated Companies (430)	826,497	1,387,449	2,213,946
Other Interest Expense (431)	6,485,662	538,241	7,023,903
(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)	(1,206,835)	(486,298)	(1,693,133)
Net Interest Charges	50,644,800	14,635,405	65,280,205
Income Before Extraordinary Items	66,446,279	30,845,790	97,292,069
Extraordinary Items			
Net Income	$ 66,446,279	$ 30,845,790	$ 97,292,069

APPLICATION OF IES UTILITIES AND INTERSTATE POWER COMPANY
FOR AUTHORIZATION AND APPROVAL OF MERGER
BALANCE SHEETS AT DECEMBER 31,1999
AND PRO FORMA BALANCE SHEET AT DECEMBER 31, 1999

Title of Account	IES Utilities	IPC	Pro Forma Adj.	Pro Forma
UTILITY PLANT				
Utility Plant (101-106, 114)	$ 2,599,004,191	$ 993,524,519		$3,592,528,710
Construction Work in Progress (107)	37,571,518	14,921,032		52,492,550
TOTAL Utility Plant	2,636,575,709	1,008,445,551		3,645,021,260
(Less) Accum. Prov. for Depr. Amort. Depl. (108,111,115)	(1,311,995,683)	(499,097,659)		(1,811,093,342)
Net Utility Plant	1,324,580,026	509,347,892		1,833,927,918
Nuclear Fuel (120.1-120.4, 120.6)	39,284,336			39,284,336
(Less) Accum. Prov. for Amort.of Nucl. Fuel Assemblies(120.5)	-	-		
Net Nuclear Fuel	39,284,336	-		39,284,336
Net Utility Plant	1,363,864,362	509,347,892	-	1,873,212,254
Utility Plant Adjustments (116)	-	-		-
Gas Stored Underground-Noncurrent (117)	-	-		-
OTHER PROPERTY AND INVESTMENTS				
Nonutility Property (121)	7,574,770	149,835		7,724,605
(Less) Accum. Prov. for Depr. and Amort. (122)	(2,094,383)	-		(2,094,383)
Investments in Associated Companies (123)	-	-		-
Investment in Subsidiary Companies (123.1)	14,454	-	-	14,454
Noncurrent Portion of Allowances	-	-		-
Other Investments (124)	6,104,445	6,694,247		12,798,692
Special Funds (125-128)	105,258,048	-		105,258,048
TOTAL Other Property and Investments	116,857,334	6,844,082	-	123,701,416
CURRENT AND ACCRUED ASSETS				
Cash (131)	5,673,646	2,708,511		8,382,157
Special Deposits (132-134)	12,322	1,047,973		1,060,295
Working Fund (135)	46,813	836,252		883,065
Temporary Cash Investments (136)	-	-		-
Notes Receivable (141)	1,054,858	1,304,831		2,359,689
Customer Accounts Receivable (142)	824,083	25,224,397		26,048,480
Other Accounts Receivable (143)	19,360,390	2,893,963		22,254,353
(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)	(1,641,103)	(200,000)		(1,841,103)
Notes Receivable from Associated Companies (145)	-	-		-
Accounts Receivable from Assoc. Companies (146)	5,695,552	2,639,571		8,335,123
Fuel Stock (151)	12,035,676	16,613,166		28,648,842
Fuel Stock Expenses Undistributed (152)	276,181	69,356		345,537
Residuals (Elec) and Extracted Products (153)	-	-		-
Plant Materials and Operating Supplies (154)	23,488,087	5,603,554		29,091,641
Merchandise (155)	-	-		-
Other Materials and Supplies (156)	910,961	-		910,961
Nuclear Materials Held for Sale (157)	-	-		-
Allowances (158.1 and 158.2)	-	-		-
(Less) Noncurrent Portion of Allowances	-	-		-
Stores Expense Undistributed (163)	837,509	450,552		1,288,061
Gas Stored Underground-Current (164.1)	11,462,302	3,064,382		14,526,684
Liquefied Natural Gas Stored and Held for Processing (164.2-164	-	-		-
Prepayments (165)	2,402,571	279,406		2,681,977
Advances for Gas (166-167)	-	-		-
Interest and Dividends Receivable (171)	6,166	-		6,166
Rents Receivable (172)	-	-		-
Accrued Utility Revenues (173)	14,129,676	8,044,943		22,174,619
Miscellaneous Current and Accrued Assets (174)	11,099,215	716,170		11,815,385
TOTAL Current and Accrued Assets	$ 107,674,905	$ 71,297,027	$ -	$ 178,971,932

APPLICATION OF IES UTILITIES AND INTERSTATE POWER COMPANY
FOR AUTHORIZATION AND APPROVAL OF MERGER
BALANCE SHEETS AT DECEMBER 31,1999
AND PRO FORMA BALANCE SHEET AT DECEMBER 31, 1999

Title of Account	IES Utilities	IPC	Pro Forma Adj.	Pro Forma
DEFERRED DEBITS				
Unamortized Debt Expenses (181)	$ 3,860,555	$ 1,173,041		$ 5,033,596
Extraordinary Property Losses (182.1)	-	-		-
Unrecovererd Plant and Regulatory Study Costs (182.2)	13,434,011	-		13,434,011
Other Regulatory Assets (182.3)	158,923,525	89,490,392		248,413,917
Prelim. Survey and Investigation Charges (Electric) (183)	-	9,678		9,678
Prelim. Sur. and Invest. Charges (Gas) (183.1, 183.2)	-	-		-
Clearing Accounts (184)	-	(2,689)		(2,689)
Temporary Facilities (185)	-	(2,407)		(2,407)
Miscellaneous Deferred Debits (186)	3,024,488	40,225		3,064,713
Def. Losses from Disposition of Utility Plt. (187)	-	-		-
Research, Devel. and Demonstration Expend. (188)	-	-		-
Unamortized Loss on Reacquired Debt (189)	4,067,554	4,220,630		8,288,184
Accumulated Deferred Income Taxes (190)	71,542,633	23,470,254		95,012,887
Unrecoverred Purchased Gas Costs (191)	-	-		-
TOTAL Deferred Debits	254,852,766	118,399,124	-	373,251,890
TOTAL Assets and other Debits	$ 1,843,249,367	$ 705,888,125	$ -	$2,549,137,492

APPLICATION OF IES UTILITIES AND INTERSTATE POWER COMPANY
FOR AUTHORIZATION AND APPROVAL OF MERGER
BALANCE SHEETS AT DECEMBER 31,1999
AND PRO FORMA BALANCE SHEET AT DECEMBER 31, 1999

Title of Account	IES Utilities	IPC	Pro Forma Adj.	Pro Forma
PROPRIETARY CAPITAL				
Common Stock Issued (201)	$ 33,426,970	$ 34,221,012	$ (34,221,012)	$ 33,426,970
Preferred Stock Issued (204)	18,320,300	38,069,050		56,389,350
Capital Stock Subscribed (202, 205)	-	-		-
Stock Liability for Conversion (203, 206)	-	-		-
Premium on Capital Stock (207)	154,826,328	104,249,119		259,075,447
Other Paid-in Capital (208-211)	124,215,757	3,464,833	34,221,012	161,901,602
Installments Received on Capital Stock (212)	-	-		-
(Less) Discount on Capital Stock (213)	-	(1,679,882)		(1,679,882)
(Less) Capital Stock Expense (214)	-	-		-
Retained Earnings (215, 215.1, 216)	252,953,281	81,548,421		334,501,702
Unappropriated Undistributed Subsidiary Earnings (216.1)	-	-		-
(Less) Reacquired Capital Stock (217)	-	-		-
TOTAL Proprietary Capital	583,742,636	259,872,553	-	843,615,189
LONG-TERM DEBT				
Bonds (221)	604,496,000	173,150,000		777,646,000
(Less) Reacquired Bonds (222)	-	-		-
Advances from Associated Companies (223)	4,674,447	2,159,997		6,834,444
Other Long-Term Debt (224)	-	-		-
Unamortized Premium on Long-Term Debt (225)	-	-		-
(Less) Unamortized Discount on Long-term Debt-Debit (226)	(2,221,703)	(2,836,897)		(5,058,600)
TOTAL Long-Term Debt	606,948,744	172,473,100		779,421,844
OTHER NONCURRENT LIABILITIES				
Obligations Under Capital Leases-Noncurrent (227)	25,976,753	64,743		26,041,496
Accumulated Provision for Property Insurance (228.1)	150,000	-		150,000
Accumulated Provision for Injuries and Damages (228.2)	1,863,820	1,536,517		3,400,337
Accumulated Provision for Pensions and Benefits (228.3)	9,161,562	5,635,380		14,796,942
Accumulated Miscellaneous Operating Provisions (228.4)	8,033,650	88,282		8,121,932
Accumulated Provision for Rate Refunds (229)	-	-		-
TOTAL OTHER Noncurrent Liabilities	45,185,785	7,324,922	-	52,510,707
CURRENT AND ACCRUED LIABILITIES				
Notes Payable (231)	-	-		-
Accounts Payable (232)	40,296,972	13,318,997		53,615,969
Notes Payable to Associated Companies (233)	56,945,810	39,197,691		96,143,501
Accounts Payable to Associated Companies (234)	12,763,454	8,011,802		20,775,256
Customer Deposits (235)	1,862,140	1,511,226		3,373,366
Taxes Accrued (236)	38,252,188	13,389,784		51,641,972
Interest Accrued (237)	10,833,074	2,511,804		13,344,878
Dividends Declared (238)	228,431	598,630		827,061
Matured Long-Term Debt (239)	-	283		283
Matured Interests (240)	-	8,147		8,147
Tax Collections Payable (241)	2,826,622	777,420		3,604,042
Miscellaneous Current and Accrued Liabilities (242)	19,676,606	8,369,371		28,045,977
Obligations Under Capital Leases-Current (243)	13,307,583	13,814		13,321,397
TOTAL Current and Accrued Liabilities	$ 196,992,880	$ 87,708,969	$ -	$ 284,701,849

APPLICATION OF IES UTILITIES AND INTERSTATE POWER COMPANY
FOR AUTHORIZATION AND APPROVAL OF MERGER
BALANCE SHEETS AT DECEMBER 31,1999
AND PRO FORMA BALANCE SHEET AT DECEMBER 31, 1999

Title of Account	IES Utilities	IPC	Pro Forma Adj.	Pro Forma
DEFERRED CREDITS				
Customer Advances for Construction (252)	$ 3,060,349	$ 393,442		$ 3,453,791
Accumulated Deferred Investment Tax Credits (255)	26,682,061	13,864,270		40,546,331
Deferred Gains from Disposition of Utility Plant (256)	-	-		-
Other Deferred Credits (253)	39,930,860	19,984,872		59,915,732
Other Regulatory Liabilities (254)	43,202,304	29,008,361		72,210,665
Unamortized Gain on Reacquired Debt (257)	-	-		-
Accumulated Deferred Income Taxes (281-283)	297,503,748	115,257,636		412,761,384
TOTAL Deferred Credits	410,379,322	178,508,581		588,887,903
				-
				-
				-
				-
				-
				-
TOTAL Liabilities and Other Credits	$1,843,249,367	$ 705,888,125	$ -	$2,549,137,492

APPLICATION OF IES UTILITIES AND INTERSTATE POWER COMPANY
FOR AUTHORIZATION AND APPROVAL OF MERGER
STATEMENTS OF RETAINED EARNINGS AT DECEMBER 31,1999
AND PRO FORMA STATEMENT OF RETAINED EARNINGS AT DECEMBER 31, 1999

	IES Utilities	IPC	Pro Forma
UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
Balance - Beginning of Year	$ 275,823,462	$ 85,371,748	$ 361,195,210
Adjustments to Retained Earnings (Account 439)			
Debit:		(767,831)	(767,831)
TOTAL Debits to Retained Earnings (Acct. 439)	-	(767,831)	(767,831)
Balance Transferred from Income (Account 433 less Account 418.1)	66,446,344	30,845,790	97,292,134
Dividends Declared-Preferred Stock (Account 437)			
4.36% $ 2.18		(131,792)	(131,792)
4.68% $ 2.34		(130,867)	(130,867)
7.76% $ 3.88		(388,000)	(388,000)
6.40% $ 3.20		(1,744,000)	(1,744,000)
6.10% Preferred Stock	(305,000)		(305,000)
4.80% Preferred Stock	(351,375)		(351,375)
4.30% Preferred Stock	(258,000)		(258,000)
Amortization of Discount on 6.40% Preferred		(86,630)	(86,630)
TOTAL Dividends Declared-Preferred Stock (Acct. 437)	(914,375)	(2,481,289)	(3,395,664)
Dividends Declared-Common Stock (Account 438)			
Common Stock	(87,950,778)	(32,558,850)	(120,509,628)
TOTAL Dividends Declared-Common Stock (Acct. 438)	(87,950,778)	(32,558,850)	(120,509,628)
Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings	(451,372)	1,138,853	687,481
Balance - End of Year	252,953,281	81,548,421	334,501,702
TOTAL Retained Earnings (Account 215, 215.1, 216))	$ 252,953,281	$ 81,548,421	$ 334,501,702
UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (ACCOUNT 216.1)			
Balance - Beginning of Year (Debit or Credit)	(451,307)	1,138,853	687,546
Equity in Earnings for Year (Credit (Account 418.1)	(65)		(65)
Transfer to FERC 216	451,372	(1,138,853)	(687,481)
Balance - End of Year	$ -	$ -	$ -

Exhibit No.___(EB-2)

ALLIANT ENERGY CORPORATION
Long-Term Debt and Preferred Stock Maturities
June 30, 1999
(in thousands)

	Total
IES Utilities Inc.	
Collateral Trust Bonds:	
IESU, 1995, 7.65% Series, CTB, Due 3/28/2000	50,000
IESU, 1996, 7.25% Series, CTB, Due 10/1/2006	60,000
IESU, 1997, 6-7/8% Series, CTB, Due 5/1/2007	55,000
IEL&P, 1993, 6% Series, CTB, Due 10/1/2008	50,000
IEL&P, 1993, 7% Series, CTB, Due 10/1/2023	50,000
City of Cedar Rapids, IA, (IEL&P Project), 1993, 5.5% Series, PCRRB, Due 11/1/2023	10,200
City of Marshalltown, IA, (IEL&P Project), 1993, 5.5% Series, PCRRB, Due 11/1/2023	7,000
City of Boone, IA, (IEL&P Project), 1993, 5.5% Series, PCRRB, Due 11/1/2023	2,200
First Mortgage Bonds:	
IEL&P, 1991, Series Y, FMB, 8-5/8%, Due 5/15/2001	60,000
ISU, 1991, 9-1/8% Series, FMB, Due 7/1/2001	21,000
ISU, 1992, 7-1/4% Series, FMB, Due 9/1/2007	30,000
Pollution Control Bonds:	
Town of Salix, IA, (IIG&E, IP&L, ISU, and IPS Project), Series 1973, PCRB, 5.75%, Due Serially to 6/1/2003	2,996
City of Cedar Rapids, IA, (IEL&P Project), Series 1991, PCRRB, Variable Rate, (3.75%), Due 11/1/2003	2,400
City of Chillicothe, IA, (IEL&P Project), Series 1991, PCRRB, Variable Rate, (3.75%), Due 11/1/2010	5,300
City of Chillicothe, IA, (ISU Project), Series 1992A, PCRRB, Variable Rate, (3.75%), Due 3/1/2010	2,400
City of Chillicothe, IA, (ISU Project), Series 1992B, PCRRB, Variable Rate, (3.75%), Due 3/1/2000	1,000
City of Chillicothe, IA, (IESU Project), Series 1998, Variable/Fixed Rate Demand PCRRB, (4.25%), Due 11/1/2023	10,000
Debentures:	
IESU, 1997, 6.625% Senior Debentures, Series A, Due 8/1/2009	135,000
IESU, 1995, 7.875% Junior Subordinated Deferrable Interest Debentures, Series A, Due 12/31/2025	50,000
Total IES Utilities Inc.	604,496
Interstate Power Company	
First Mortgage Bonds:	
IPC, 1991, 8-5/8% Series, FMB, Due 9/15/2021	25,000
IPC, 1992, 8% Series, FMB, Due 2/15/2007	25,000
IPC, 1993, 7-5/8% Series, FMB, Due 5/15/2023	94,000
Pollution Control Bonds:	
City of Clinton, IA, Series 1994A, PCRRB, 6.35%, Due 12/1/2012	5,650
City of Lansing, IA, Series 1994A, PCRRB, 6.30%, Due 5/1/2010	5,600
City of Clinton, IA, Series 1994B, PCRRB, 6.25%, Due 4/1/2009	1,000
City of Lansing, IA, Series 1994B, PCRRB, 5.75%, Due 6/1/2003	1,000
City of Dubuque, IA, Series 1998, Variable/Fixed Rate Demand PCRRB, (4.30%), Due 11/1/2005	2,650
City of Lansing, IA, Series 1998, Variable/Fixed Rate Demand PCRRB, (4.30%), Due 11/1/2008	2,300
City of Sherburn, MN, Series 1999, Variable/Fixed Rate Demand PCRRB, (4.05%), Due 2/1/2010	3,250
City of Salix, IA, Series 1999, Variable/Fixed Rate Demand PCRRB, (4.20%), Due 1/1/2013	7,700
Total Interstate Power Company	173,150
IES Utilities Optional Preferred Stock	
4.30% Series, $50 Par Value, 120,000 Shares Outstanding, 120,000 Shares Authorized, Cumulative Preferred Stock	6,000
4.80% Series, $50 Par Value, 146,406 Shares Outstanding, 246,406 Shares Authorized, Cumulative Preferred Stock	7,320
6.10% Series, $50 Par Value, 100,000 Shares Outstanding, 100,000 Shares Authorized, Cumulative Preferred Stock	5,000
Total IES Utilities Preferred Stock	18,320
IPC Optional Preferred Stock	
4.36% Series, $50 Par Value, 60,455 Shares Outstanding, 200,000 Shares Authorized, Cumulative Preferred Stock	3,023
4.68% Series, $50 Par Value, 55,926 Shares Outstanding, 166,000 Shares Authorized, Cumulative Preferred Stock	2,796
7.76% Series, $50 Par Value, 100,000 Shares Outstanding, 100,000 Shares Authorized, Cumulative Preferred Stock	5,000
Total of 4.36% Series - 7.76% Series	10,819
IPC Mandatory Preferred Stock	
6.40% Series, $50 Par Value, 545,000 Shares Outstanding, Cumulative Preferred Stock, Due on or before 5/1/2022	27,250
Total IPC Preferred Stock	38,069

Exhibit No.___(EB-2)

IES Utilities Inc.

Capital Structure

	2001	2002	2003	2004	2005
Short-term Debt	$ 31,903	$ 35,105	$ 41,730	$ 9,815	$ -
Long-term Debt	570,002	569,640	565,746	565,931	566,116
Preferred Stock	18,320	18,320	18,320	18,320	18,320
Common Equity	582,279	586,932	596,659	608,303	625,216
Total	1,202,504	1,209,997	1,222,455	1,202,369	1,209,652

	2001	2002	2003	2004	2005
Short-term Debt	2.65%	2.90%	3.41%	0.82%	0.00%
Long-term Debt	47.40%	47.08%	46.28%	47.07%	46.80%
Preferred Stock	1.52%	1.51%	1.50%	1.52%	1.51%
Common Equity	48.42%	48.51%	48.81%	50.59%	51.69%
	100.00%	100.00%	100.00%	100.00%	100.00%

Interstate Power Company

Capital Structure

	2001	2002	2003	2004	2005
Short-term Debt	$ 25,395	$ 30,645	$ 36,826	$ 44,054	$ 48,891
Long-term Debt	170,491	171,483	170,483	170,582	168,035
Preferred Stock	35,670	35,846	34,661	33,473	32,280
Common Equity	234,410	241,974	248,622	258,309	268,924
Total	465,966	479,948	490,592	506,418	518,130

	2001	2002	2003	2004	2005
Short-term Debt	5.45%	6.39%	7.51%	8.70%	9.44%
Long-term Debt	36.59%	35.73%	34.75%	33.68%	32.43%
Preferred Stock	7.66%	7.47%	7.07%	6.61%	6.23%
Common Equity	50.31%	50.42%	50.68%	51.01%	51.90%
	100.00%	100.00%	100.00%	100.00%	100.00%

Draft 6/12/00 Exhibit No. ____(EB-3)

INTERSTATE POWER AND LIGHT COMPANY

TO

THE CHASE MANHATTAN BANK, A NEW YORK BANKING CORPORATION

AND

JAMES P. FREEMAN

As Trustees

TWENTY FIRST
SUPPLEMENTAL INDENTURE

Dated as of ____________________

Providing for the merger of Interstate Power Company, a Delaware Corporation, into IES Utilities Inc., an Iowa Corporation, with IES Utilities Inc. being the surviving corporation of such merger under a new corporate name, Interstate Power and Light Company.

TABLE OF CONTENTS

PARTIES

This Supplemental Indenture, dated as of the ________ day of ________________, 2000, is between Interstate Power and Light Company, a corporation organized and existing under the laws of the State of Iowa (hereinafter sometimes called "IP&L" and formerly known as IES Utilities Inc. ("IES"), which was the surviving corporation of a merger pursuant to an Agreement and Plan of Merger, dated as of March 15, 2000, as amended (the "2000 Merger Agreement"), between IES and Interstate Power Company, a corporation organized under the laws of the State of Delaware ("IPW")), party of the first part, and The Chase Manhattan Bank, a New York banking corporation, and James P. Freeman, as Trustees (both of whom are hereinafter referred to as the "Trustees" and the first mentioned of whom is hereinafter referred to as the "Corporate Trustee" and last mentioned of whom is hereinafter referred to as the "Individual Trustee"), parties of the second part,

WITNESSETH:

WHEREAS, a certain Indenture dated as of the 1st day of January, 1948 (hereinafter sometimes termed the "Original Indenture"), was made between IPW, as party of the second part, and The Chase National Bank of the City of New York (later named "The Chase Manhattan Bank") and Carl E. Buckley, as trustees, as parties of the first part, whereby IPW mortgaged and pledged to said trustees and their successors in the trust and assigns, all and singular its properties, real, personal and mixed, then owned, or which might thereafter be acquired (except certain property expressly excepted and reserved from the lien thereof), for the purpose of securing the payment of the principal and interest of all bonds at any time issued and outstanding under the Original Indenture and to secure the performance and observance of all the covenants and conditions upon which said bonds might be issued, received and held, in trust, and subject to the agreements, covenants and conditions expressed in the Original Indenture, which Original Indenture or indentures supplemental thereto were duly recorded in the following counties, in the State of Iowa, to-wit: Allamakee, Blackhawk, Bremer, Buchanan, Butler, Cerro Gordo, Chickasaw, Clayton, Clinton, Delaware, Dubuque, Fayette, Floyd, Hancock, Howard, Jackson, Kossuth, Louisa, Lyon, Mitchell, Plymouth, Winnebago, Winneshiek, Woodbury, and Worth; in the State of Minnesota, to-wit: Blue Earth, Brown, Carver, Cottonwood, Dodge, Dakota, Faribault, Filmore, Freeborn, Houston, Goodhue, Jackson, Le Sueur, Lincoln, Lyon, Martin, Mc Leod, Murray, Mower, Nicollet, Nobles, Olmsted, Pipestone, Redwood, Renville, Rice, Rock, Scott, Sibley, Steele, Wabasha, Waseca, Watonwan, Winona, and Yellow Medicine; and in the State of Illinois, to-wit: Carroll, Henry, Jo Daviess, Mercer, Rock Island, and Whiteside; and

WHEREAS, heretofore and at various times IPW duly executed and delivered to The Chase Manhattan Bank and Carl E. Buckley or Arthur F. Henning or C.F. Ruge or J.A. Payne, or C.J. Heinzelmann or James P. Freeman, as Trustees under the Original Indenture, various supplemental indentures to the Original Indenture, assented to by the holders of all the bonds at the time outstanding under the Original Indenture (other than bonds called for redemption with funds deposited with the Corporate Trustee), wherein and whereby the Original Indenture was modified and amended, and certain property was released from or added to the lien of the Original Indenture (the Original Indenture as so modified, amended and supplemented from time to time by all supplemental indentures thereto, including this Supplemental Indenture, is herein referred to as the "Indenture"); and

WHEREAS, all mortgages or trust indentures prior in lien to the lien of the Original Indenture or the Indenture have been satisfied and discharged of record and the Original Indenture and Indenture are now a first mortgage lien upon the properties subject thereto; and

WHEREAS, all bonds heretofore issued under the Original Indenture or the Indenture have, as of ________________________, 2000, been retired except the following described outstanding First Mortgage Bonds and Pollution Control Bonds:

FIRST MORTGAGE BONDS:

Dated	Series	Principal Amount	Due Date
September 15, 1991	8-5/8%	$25,000,000	September 15, 2021
February 15, 1992	8%	$25,000,000	February 15, 2007
May 15, 1993	7-5/8%	$94,000,000	May 15, 2023

POLLUTION CONTROL BONDS:

Municipality	Series	Principal Amount	Due Date
City of Clinton, IA	1994A, PCRRB, 6.35%	$5,650,000.00	December 1, 2012
City of Lansing, IA	1994A, PCRRB, 6.30%	$5,600,000.00	May 1, 2010
City of Clinton, IA	1994B, PCRRB, 6.25%	$1,000,000.00	April 1, 2009
City of Lansing, IA	1994B, PCRRB, 5.75%	$1,000,000.00	June 1, 2003
City of Dubuque, IA	1998, Var./Fix. Rate Dnd. PCRRB (4.30%)	$2,650,000.00	November 1, 2005
City of Lansing, IA	1998, Var./Fix. Rate Dnd. PCRRB (4.30%)	$2,300,000.00	November 1, 2008
City of Sherburn, MN	1999, Var./Fix. Rate Dnd. PCRRB (4.05%)	$3,250,000.00	February 1, 2010
City of Salix, IA	1999, Var./Fix. Rate Dnd. PCRRB (4.26%)	$7,700,000.00	January 1, 2013

; and

WHEREAS, pursuant to the 2000 Merger Agreement, IPW was merged with and into IES, with IES being the surviving corporation under a new corporate name, Interstate Power and Light Company; and

WHEREAS, pursuant to Section 12.01 of the Indenture, IPW covenanted that any merger of it into any other corporation shall be upon and subject to the following provisions and conditions:

(1) any such merger shall be on such terms as not to impair the lien and security of the Indenture upon any part of the trust estate or any of the rights and powers of the Trustees or of the holders of the Bonds (as defined in the Indenture); and

(2) upon such merger, the due and punctual payment of the principal and interest of all Bonds at the time outstanding, according to their tenor, and the due and punctual performance and observance of all the covenants and conditions of the Indenture, shall, by supplemental indenture and as a condition of any merger, be expressly assumed by the successor corporation formed by or resulting from any such merger.

WHEREAS, the terms of the 2000 Merger Agreement in no respect impairs the lien and security of the Indenture, or any of the rights or powers of the Trustees or of the holders of the Bonds thereunder; and

WHEREAS, the Board of Directors of IP&L has, by resolution, authorized the execution and delivery of this Supplemental Indenture;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and in the 2000 Merger Agreement contained, and of the sum of One Dollar ($1.00) duly paid by the Trustees to IP&L at the execution of these presents, the receipt whereof is hereby acknowledged, it is hereby covenanted and agreed between IP&L and the Trustees, for the equal and proportionate benefit of the respective holders from time to time of the outstanding Bonds under the Indenture as follows:

ARTICLE I

ASSUMPTION BY IP&L

Section 1. IP&L hereby expressly assumes the due and punctual payment of the principal and the interest of all Bonds at the time outstanding under the Indenture, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of the Indenture to be kept or performed by IPW.

ARTICLE II

TRUSTEES

Section 1. The Trustees hereby accept this Supplemental Indenture and agree to perform the same upon the terms and conditions set forth in the Indenture.

Section 2. The Trustees shall be entitled in connection with this Supplemental Indenture to all of the exemptions and immunities granted to them by the terms of the Indenture.

ARTICLE III

MISCELLANEOUS

Section 1. This Supplemental Indenture shall be read and construed in connection with, and as part of, the Indenture and as if the Indenture and this Supplemental Indenture were parts of one and the same instrument.

Section 2. The recitals contained in this Supplemental Indenture shall be taken as the statements of IP&L, and the Trustees assume no responsibility for the correctness of the same.

Section 3. The recitals contained herein are deemed to be part of this Supplemental Indenture.

Section 4. This Supplemental Indenture shall be binding upon, and inure to the benefit of, IP&L and its successors and assigns and the Trustees and their respective successors.

Section 5. This Supplemental Indenture may be simultaneously executed in several counterparts, and all said counterparts executed and delivered each as an original shall constitute but one and the same instrument.

IN WITNESS WHEREOF, INTERSTATE POWER AND LIGHT COMPANY has caused this Supplemental Indenture to be signed in its corporate name by its President or one of its Vice Presidents, and to be sealed with its corporate seal, attested by its Secretary or an Assistant Secretary, and THE CHASE MANHATTAN BANK, a New York banking corporation, in its capacity as Trustee, to evidence its acceptance of the trusts hereby created, has caused these presents to be signed in its corporate name by one of its Vice Presidents or an Assistant Vice President, and to be sealed with its corporate seal, attested by a Trust Officer, and said James P. Freeman, in his capacity as Trustee, to evidence his acceptance of said trusts, has hereunto set his hand and seal, all as of the day and year first above written.

INTERSTATE POWER AND LIGHT COMPANY

By: ______________________________

Name: ____________________________

Title: ___________________________

ATTEST:

____

(INSERT NAME AND TITLE)

[Seal]

Signed, sealed, executed, acknowledged and delivered by Interstate Power and Light Company in the presence of:

____

____

THE CHASE MANHATTAN BANK, a New York banking corporation

By: ______________________________
Name: ______________________________
Title: ______________________________

ATTEST:

____

[INSERT NAME AND TITLE]

[Seal]

Signed, sealed, executed, acknowledged and delivered by The Chase Manhattan Bank, a New York banking corporation, in the presence of:

____

____

____
JAMES P. FREEMAN

Signed, sealed, executed, acknowledged and delivered by James P. Freeman in the presence of:

____

____

STATE OF NEW YORK }
} SS.
COUNTY OF NEW YORK }

On the ________ day of ____________________, 2000, before me, a Notary Public in and for said County and State, personally appeared ______________________________, ______________________________ of The Chase Manhattan Bank, one of the corporations described in and which executed the foregoing instrument, to me personally known, who being by me duly sworn, did say that [s]he is an __________________________ of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and said Trust Officer acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it voluntarily executed.

____
Name: _________________ Notary Public

My Commission Expires:

[NOTARIAL SEAL]

STATE OF NEW YORK }
} SS.
COUNTY OF NEW YORK }

On the ________ day of ____________________, 2000, before me, a Notary Public in and for said County and State, personally appeared James P. Freeman, one of the Trustees mentioned in the foregoing instrument, personally known to me to be the person named in and who executed the foregoing instrument, and acknowledged to me that he, as such Trustee, executed and delivered the said instrument as his free and voluntary act and deed, for the uses and purposes therein set forth.

____
Name: _________________, Notary Public

My Commission Expires:

[NOTARIAL SEAL]

STATE OF IOWA }
} SS.
COUNTY OF _______ }

On the _________ day of __________________, 2000, before me, a Notary Public in and for said County and State, personally appeared ____________________________, ______________________________________ of Interstate Power and Light Company, one of the corporations described in and which executed the foregoing instrument, to me personally known, who, being by me duly sworn, did say that [s]he is _____________ ___________ of said corporation; that the seal affixed to the said instrument is the corporate seal of said corporation; and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and the said ______________________ acknowledged the execution of said instrument to be the voluntary act and deed of said corporation by it voluntarily executed.

____
Name: _________________, Notary Public

My Commission Expires:

[NOTARIAL SEAL]

Interstate Power Company

Capital Requirements and Sources of Capital

	2001	2002	2003	2004	2005
Construction					
Electric:					
Fossil Generation	$ 7,684	$ 7,741	$ 8,796	$ 11,964	$ 18,179
Transmission	6,347	5,016	4,660	4,602	4,652
Distribution	22,875	20,404	18,695	18,597	18,882
Total Electric	36,906	33,161	32,151	35,163	41,713
Gas	6,000	7,000	7,000	7,000	7,000
Other	18,558	16,028	14,975	15,160	15,415
Total	61,464	56,189	54,126	57,323	64,128
Sinking Funds & Maturities	-	-	1,000	-	2,650
Total Capital Requirements	$ 61,464	$ 56,189	$ 55,126	$ 57,323	$ 66,778
Sources of Capital					
Depreciation	$ 37,776	$ 41,220	$ 44,420	$ 47,569	$ 50,972
Other	23,688	14,969	10,706	9,754	15,806
Total Cash Flow	61,464	56,189	55,126	57,323	66,778
External Financing	-	-	-	-	-
Total Sources	$ 61,464	$ 56,189	$ 55,126	$ 57,323	$ 66,778

IES Utilities Inc.

Capital Requirements and Sources of Capital

	2001	2002	2003	2004	2005
Construction					
Electric:					
Nuclear Generation	$ 19,099	$ 9,192	$ 12,526	$ 5,452	$ 5,384
Fossil Generation	12,324	11,680	12,687	22,778	12,844
Transmission	19,339	19,467	19,803	20,077	20,533
Distribution	36,535	40,353	38,342	37,505	34,509
Total Electric	87,297	80,692	83,358	85,812	73,270
Gas	11,000	12,000	13,000	14,000	14,500
Other	24,355	20,241	17,308	16,362	16,070
Total	122,652	112,933	113,666	116,174	103,840
Sinking Funds & Maturities	81,560	560	4,080	-	-
Total Capital Requirements	$ 204,212	$ 113,493	$ 117,746	$ 116,174	$ 103,840
Sources of Capital					
Depreciation	$ 105,573	$ 110,263	$ 115,881	$ 121,443	$ 123,735
Other	(1,361)	3,230	1,865	(5,269)	(19,895)
Total Cash Flow	104,212	113,493	117,746	116,174	103,840
External Financing	100,000	-	-	-	-
Total Sources	$ 204,212	$ 113,493	$ 117,746	$ 116,174	$ 103,840